

165A.350 Requirements for agent's permit -- Bond or other collateral -- Conditional license -- Renewal -- Owner's liability for actions of agents.

- (1) No person shall solicit or perform the services of an agent in this state for a proprietary school, located either within or without this state, unless the school shall have been issued by the commission a license pursuant to KRS 165A.310 to 165A.410 and the person shall have been issued an agent's permit for said proprietary school.
- (2) No person shall be issued an agent's permit unless he is an individual of good moral character as determined by the commission.
- (3) Except as otherwise provided, no person shall be issued an agent's permit unless he shall make application upon forms to be provided by the commission, and unless the application shall be accompanied by a fee as established by the commission and a good and sufficient surety bond or other collateral in a form as required by the commission but not less than five thousand dollars (\$5,000).
- (4)
 - (a) The surety bond or other collateral shall be conditioned by the commission to recover all necessary administrative costs, including but not limited to costs for the acquisition, permanent filing, and maintenance of student records of the proprietary school or to provide indemnification to any student or enrollee or the student's or enrollee's parent or guardian suffering loss or damage as a result of any fraud or misrepresentation used in procuring his enrollment in a course or courses of instruction or study offered or maintained by the proprietary school, or as a result of the student being unable to complete the course or courses because the proprietary school ceased operations. The amount of liability on the surety bond or other collateral shall cover each agent each school year, as the term "school year" is defined in KRS 165A.310. Regardless of the number of years that an agent's bond is in force, the aggregate liability of the surety bond shall not exceed the penal sum of the bond. The surety bond or other collateral may be continuous.
 - (b) Any claimant may file with the commission a duly verified claim against an agent. The commission shall consider claims in a timely manner after ten (10) days' written notice by certified mail, return receipt requested, to the licensee of the claim giving time and place of hearing thereon and if the claim is found to be correct and due to the claimant, and if the commission cannot effect a settlement by persuasion and conciliation, the commission shall make a demand upon the principal on the bond and the surety or other collateral thereon, and if not paid shall bring an action on the bond in Franklin Circuit Court.
- (5) The surety bond or other collateral may be of blanket form to cover more than one (1) agent for a proprietary school, but it shall provide the required minimum coverage for each agent.
- (6) A surety on the bond or other collateral may be released therefrom after the surety shall make a written notice thereof directed to the commission at least thirty (30) days prior to release.

- (7) The surety bond or other collateral shall cover the period of the agent's permit, except when a surety shall be released in the manner provided herein.
- (8) Notwithstanding the provisions of other sections, the commission may issue an agent's permit to each person who is an owner of more than ten percent (10%) legal interest in a proprietary school located in this state and who is a resident of this state, and no owner shall be required to pay the agent's permit fee or execute an agent's surety bond or other collateral as otherwise required by this section, if the proprietary school shall have been issued a license pursuant to the provisions of KRS 165A.310 to 165A.410.
- (9) The commission may issue a conditional license on a monthly basis for up to a nine (9) month period of time.
- (10) An agent's permit shall be suspended by operation of law when the agent is no longer covered by a surety bond or other collateral is withdrawn as required by KRS 165A.310 to 165A.410; but the commission shall cause the agent to receive at least ten (10) days' written notice prior to the release of his surety to the effect that the permit shall be suspended by operation of law until another surety bond or other collateral shall be filed in the same manner and like amount as required by the commission.
- (11) An agent's permit shall be valid for a period of one (1) school year as herein defined, except when suspended or canceled pursuant to these provisions. An agent's permit may be renewed in the same manner and under the same conditions prescribed for the issuance of an initial agent's permit.
- (12) The owner or owners of the proprietary school shall be held responsible for all actions of their agents when performing their duties as agents.

Effective: June 27, 2019

History: Amended 2019 Ky. Acts ch. 138, sec. 4, effective June 27, 2019. -- Amended 2018 Ky. Acts ch. 99, sec. 4, effective July 14, 2018. -- Amended 2017 Ky. Acts ch. 141, sec. 1, effective March 27, 2017. -- Amended 2012 Ky. Acts ch. 76, sec. 5, effective July 12, 2012. -- Amended 1990 Ky. Acts ch. 79, sec. 3, effective July 13, 1990; and ch. 470, sec. 64, effective July 13, 1990. -- Amended 1982 Ky. Acts ch. 31, sec. 4, effective July 15, 1982. -- Amended 1980 Ky. Acts ch. 114, sec. 26, effective July 15, 1980. -- Created 1976 Ky. Acts ch. 363, sec. 5, effective July 1, 1976.